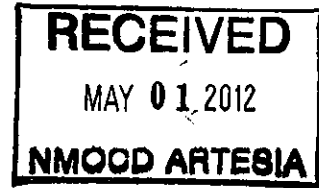


Mr. Keith Cannon
Drilling Superintendent
NADEL & GUSSMAN HEYCO, LLC
PO Box 1936
Roswell, New Mexico 88202



11 April 2012

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
District 2
811 South First Street
Artesia, NM 88210

Re: Rock Island 16 State No. 1H Release Corrective Action Plan Remediation Notification
(API No.: 30-01538461)

Dear Mr. Bratcher:

Nadel & Gussman HEYCO, LLC (NGH) desires to backfill two areas on either side of the Rock Island 16 State No. 1H access road as it nears the south end of the drilling pad. This area is currently a safety concern to NGH since the contaminated material removed to disposal along the east and west sides of the road reduced its width, potentially causing endangerment for all ingress and egress traffic turning the corner northbound into the location.

Based on our discussion this morning regarding the reclamation of these southwest and southeast areas adjacent to the lease access road, sampling analyticals have been taken following excavation of the contaminated materials from these areas. The attached laboratory analytical report documents compliance with New Mexico Oil Conservation Division (NMOCD) regulatory requirements. NGH intends to backfill the two areas with previously stockpiled soil as designated by the New Mexico State University, Agricultural Science Center Superintendent.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Cannon", followed by a horizontal line.

Keith Cannon
Drilling Superintendent

Enclosed: Laboratory analyticals

Summary Report

Keith Cannon
Nadel & Gussman Heyco, LLC

Report Date: April 4, 2012

P.O. Box 1936
Roswell, NM 88202

Work Order: 12040206

Project Location: Well Discharge
Project Name: Well Discharge
Project Number: Rock Island 16 State No. 1H

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
293244	Pad @ NE 1'	soil	2012-03-30	17:01	2012-04-02
293245	Powerline (L) @ 1'	soil	2012-03-30	17:12	2012-04-02
293246	Cont. NE of N Area @ 3'	soil	2012-03-30	13:33	2012-04-02
293247	Cont. NW of N Area @ 3'	soil	2012-03-30	13:41	2012-04-02
293248	Cont. Central of N Area @ 3'	soil	2012-03-30	13:20	2012-04-02
293249	Cont. N Mix @ 3'	soil	2012-03-30	13:10	2012-04-02

Sample - Field Code	BTEX				MTBE	TPH DRO - NEW	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
293244 - Pad @ NE 1'	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00 qc
293245 - Powerline (L) @ 1'	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00 qc
293246 - Cont. NE of N Area @ 3'	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00 qc
293247 - Cont. NW of N Area @ 3'	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00 qc
293248 - Cont. Central of N Area @ 3'	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00 qc
293249 - Cont. N Mix @ 3'	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00 qc

Sample: 293244 - Pad @ NE 1'

Param	Flag	Result	Units	RL
Chloride		<50.0	mg/Kg	5

Sample: 293245 - Powerline (L) @ 1'

continued ...

sample 293245 continued ...

Param	Flag	Result	Units	RL
Param	Flag	Result	Units	RL
Chloride		<50.0	mg/Kg	5

Sample: 293246 - Cont. NE of N Area @ 3'

Param	Flag	Result	Units	RL
Chloride		<50.0	mg/Kg	5

Sample: 293247 - Cont. NW of N Area @ 3'

Param	Flag	Result	Units	RL
Chloride		<50.0	mg/Kg	5

Sample: 293248 - Cont. Central of N Area @ 3'

Param	Flag	Result	Units	RL
Chloride		<50.0	mg/Kg	5

Sample: 293249 - Cont. N Mix @ 3'

Param	Flag	Result	Units	RL
Chloride		<50.0	mg/Kg	5